

SCOTT M. MATHESON
Governor



OIL, GAS, AND MINING BOARD

I. DANIEL STEWART
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GORDON E. HARMSTON
Executive Director,
NATURAL RESOURCES

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116
(801) 533-5771

CLEON B. FEIGHT
Director

MEMORANDUM

TO: The Board of Oil, Gas, and Mining
FROM: Ron Daniels *Ra*
SUBJECT: Utah International Surety Estimate
DATE: October 30, 1978

The enclosed bond estimate dated 9-25-78 in the amount of \$974,312 is the staff's suggestion for surety on this mine complex.

Utah International is not entirely in agreement with this estimate and maintains that surety should be in the range of \$250,000. The company plans to substantiate its estimate at the November Executive Meeting of the Board.

cc: Scheree Wilcox
Jack Feight
enc: Jim Smith's memo of 9-25-78

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Surety Basis
OIL, GAS, AND MINING BOARD
for SM Utah
I. DANIEL STEWART
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MEMORANDUM

TO: The Board of Oil, Gas, and Mining
FROM: James W. Smith, Jr. *JWS*
SUBJECT: Surety Estimate for Utah International, Cedar City Operation,
Iron County, Utah ACT/021/001
DATE: September 25, 1978

A reclamation surety has been estimated by the Division of Oil, Gas, and Mining for Utah International's Cedar City Operations for the amount of \$974,312.00.

Due to the size and complexity of the operation the surety was determined on an overall dollar cost per acre. A letter dated June 2, 1978 from Mr. Dennis Stansbury of Utah International presented an estimated reclamation cost of \$300.00 per acre. A review of Rehabilitation Potential of Western Coal Lands¹ indicated an estimated direct on-site cost ranging from \$925.00 to \$2750.00 per acre. Reclamation practices appeared to be comparable to Utah International's operation. The lower figure was chosen and inflated from the published 1974 value to a 1978 value using a 5% inflation factor of 1.2155, resulting in a cost of \$1125.00 per acre. Using the total disturbed acreage figure of 786 acres from the Mining and Reclamation Plan and an Addendum to the Plan dated July 11, 1978, a subtotal resulted in the

amount of \$883,729.00. The expected life of the operation was estimated to be two years, therefore a 5% inflation factor of 1.1025 was used to bring the total estimated cost of reclamation to \$974,312.

The Division would like the Board's approval for the amount of surety and the form of surety selected by Utah International, a Mined Lands Reclamation Contract.

- 1 National Academy of Sciences, 1974. "Rehabilitation Potential of Western Coal Lands," A report to the energy policy project of the Ford Foundation, (Cambridge, Mass.: Ballinger Pub. Co.), pg. 88.

JWS/sp